THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Reserve Bank of India (RBI), New Delhi had detected 296 pieces of counterfeit notes while examining the notes received from the currency chests and the notes received across counters from the public in the month of September 2009. The denomination wise details of such counterfeits detected are given below:

Denomination	Total pieces
Rs.50	67
Rs.100	150
Rs.500	60
Rs. 1,000	19
TOTAL	296

As per the prescribed procedure, RBI New Delhi filed an FIR on October 8, 2009 with the SHO, Police Station Parliamentary Street, New Delhi.

(b) and (c) As a part of awareness campaign, the Reserve Bank of India (RBI) has placed on its web site (www.rbi.org.in) extensive information on security features of Indian Banks notes. Banks are required to display posters on "Know Your Banknotes" at bank branches, A film on 'Know Your Banknotes' got prepared by RBI through Films Division, has been supplied across their issue offices/Currency Chests, public utilities, theatres and other media for screening. Reserve Bank of India (RBI) has advised all the banks that they should ensure that only properly sorted and examined bank notes are put into circulation through counters and ATMs. In case a counterfeit note is detected in the cash received by the branch/treasury across the counter the same is impounded and forwarded to local police authorities for investigation by filing an FIR.

(d) and (e) Government is producing Currency paper in Security Paper Mill, Hoshangabad but the quantity so produced is not enough to meet the requirement. Therefore security paper is being imported from various countries. Action for setting up of more currency paper manufacturing units has been Initiated to meet most of the requirement. Similarly ink is produced at Bank Note Press, Dewas which produced 228 MT of intaglio ink during 2008-09 which represents 20% of the total consumption.

EMI calculation methods

476. SHRI BRIJ BHUSHAN TIWARI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the method adopted by banks and finance companies for calculating Equated Monthly Instalments (EMI's) is not transparent;

(b) whether it is also a fact that the loanee's are not informed of the method adopted by lending institutions; and

(c) what steps Government plans to undertake to make the process of loan sanctioning, its disbursal, EMI calculation and pre-payment penalty, more transparent and consumer friendly?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Reserve Bank of India (RBI) has issued guidelines on 'Fair Practice Code for Lenders' which are required to be framed by Banks/Financial Institutions/Non Banking Financial Companies (NBFCs) duly adopted by their respective Boards. These guidelines which are revised periodically, *inter-alia*, stipulate that loan application forms in respect of all categories of loans irrespective of the amount of loan sought by the borrower should be comprehensive. It should include information about the fees/charges, if any, payable for processing the amount of such fees refundable in the case of non acceptance of application, pre-payment options and any other matter which affects the interest of the borrower, so that a meaningful comparison with that of other banks can be made and informed decision can be taken by the borrower. Further the banks are advised to inform 'all-in-cost' to the customer to enable him to compare tbe rates charged with other sources of finance.

In terms of RBI guidelines dated July 1, 2009 on 'Loan and Advances - Statutory and other Restrictions', the lender should convey to the borrower, among other things, the terms and conditions and other caveats governing credit facilities, in writing and duly certified by the authorised official. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement, should be invariably furnished to all the borrowers at the time of sanction / disbursement of loans.

Further, Banks/Financial Institutions/NBFCs adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium etc. and determine the rate of interest to be charged for loans and advances.

Separation of lending business from investment business by banks

477. DR. E.M. SUDARSANA NATCHIAPPAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government is proposing to the public sector banks to follow separation of traditional lending business from the investment business; and

(b) if so, whether the profit earned in quarterly basis reflects this proportionally with risk on the substantial part of their assets kept for the role of supporting the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Reserve Bank of India (RBI) has prescribed prudential guidelines on the exposure norms, capital requirements, asset classification and provisioning requirements in accordance with the best international practices. The complexity in Indian banking system is not very high as banks are not allowed to offer exotic structured products, and they can carry out both commercial banking and investment banking simultaneously. The banking system in India is very well regulated.